

News from Washington: April 29 – May 5

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Senate Inches Toward Disaster Aid Deal

Lawmakers seem to be feeling the pressure to get aid to communities reeling from hurricanes, tornadoes, wildfires, extreme flooding and other disasters. Many places where agriculture is vital to the economy have been hit by the destruction.

Senators said late Thursday that a compromise bill could be ready for a Senate floor vote next week.

Senate Republicans are said to have worked out a deal behind closed doors this week to increase money to Puerto Rico. The president is “on board,” according to Sen. David Perdue. But Trump has been known to change his mind, so anything could happen.

Agricultural losses in Alabama, Florida, Georgia, North Carolina and South Carolina from disasters have recently totaled nearly \$5.5 billion, per the [American Farm Bureau Federation](#). Losses in Nebraska, Iowa and Missouri are estimated to be more than \$3 billion.

Senate Appropriations Chairman Richard Shelby (R-Ala.) and ranking Democrat Patrick Leahy (D-Vt.) told reporters that talks are progressing after Senate Republicans laid out a new offer this week.

“We have to tug along our caucuses and the White House,” Leahy said. “But we’re getting closer.”

GOP Warns Trump On USMCA

Senate Finance Chairman Chuck Grassley and five other leading Republican senators went to the White House on Thursday to level with Trump: If you want the U.S.-Mexico-Canada Agreement to be ratified, you must lose the steel and aluminum tariffs in addition to cutting a deal with House Democrats.

As long as the metals tariffs remain in place, Trump won’t have enough votes to approve the deal in the GOP-controlled Senate, they said. “I don’t know how much it matters in the House, but I think it definitely matters for our vote count over here,” said Senate Majority Whip John Thune.

Ahead of the meeting, which included Georgia Sen. Johnny Isakson, the Georgia Fruit and Vegetable Growers Association called attention to a new study from researchers at the University of Georgia that forecast the state would lose nearly \$1 billion in annual economic output and over 8,000 jobs unless action is taken “to slow down the increase in low-priced Mexican imports of blueberries and vegetables.”

The association called on the administration and lawmakers to find a solution.

USDA Scientists Back ‘Climate-Smart’ Ag Practices

Top USDA officials joined global leaders in calling for the expansion of climate-smart technology, part of a longer list of agriculture priorities detailed in a [communiqué](#) out of the G-20 Agricultural Chief Scientists meeting in Tokyo last week.

The U.S. and other members of the G-20 also reaffirmed a commitment to science-based decision-making when it comes to global food production, and recognized the serious threat posed by plant pests, which may be exacerbated by changing climate conditions and a more globalized society.

USDA's endorsement of a G-20 statement mentioning climate change doesn't exactly jibe with past actions by Trump. During the 2018 leaders summit in Buenos Aires, an agreement including a strong message reaffirming a global effort to fight climate change notably excluded Trump, whose withdrawal from the Paris climate change accord was mentioned in a subsequent paragraph.

In a statement on Friday, Scott Hutchins, USDA's deputy undersecretary for research, education and economics, said he was pleased to see the affirmation of science-based decision-making. But there was no mention of climate-focused initiatives.

Hutchins said in an email to POLITICO that he emphasized science-based decision-making because that was the strength the participants brought to these international dialogues. He added that there was "no intent whatsoever" in not including the words "climate smart" in the USDA press release. The U.S. fully participated in and agreed to the communiqué, including the climate-smart discussions, he said.

Japan proposed holding a workshop later this year so agricultural scientists from G-20 countries and other guests could share the latest climate research, but a date hasn't been set yet. Hutchins said the U.S. expects to receive an invitation and contribute to the dialogue.

EPA Seeks Glyphosate Label Changes

The EPA is calling for "management measures" to reduce glyphosate drift, along with a new requirement that labels disclose the risk of herbicide resistance. The label recommendations include warning farmers against spraying when winds exceed 15 mph or during temperature inversions.

The agency restated its 2017 draft risk assessment that the herbicide is safe for farmers and consumers to use on their fields and lawns. It said a 2015 international body's conclusion that glyphosate is a probable carcinogen is inferior to the EPA's own assessment.

The agency did acknowledge that the weedkiller poses "potential risk" to mammals and birds, but only where the herbicide is sprayed. EPA also cited risks to plants in the ground and in water if the chemical drifts, but it said the benefits of glyphosate outweigh ecological risks when it's properly applied.

EPA's proposed interim decision is posted [here](#).

FDA Ramps Up GE Animal Oversight

The FDA has hired more employees to oversee scientific reviews of biotech animals — suggesting it has no plans to cede regulatory ground to USDA.

On Thursday, acting FDA Commissioner Ned Sharpless also said the agency is working on additional guidance that may be released later this year.

Sharpless, who took the helm last month, said the concept — which includes traditional genetic engineering as well as gene-editing methods — has "great potential" to address animal health issues and other health needs.

The comments come as livestock groups led by the National Pork Producers Council have grown [exasperated](#) by the regulatory setup. The industry argues that FDA is too slow in its review of animals created via biotechnology, and that USDA is better positioned to take on the issue because of its experience regulating genetically engineered plants.

After Sharpless' remarks, NPPC did not budge from that position.

"The FDA's regulatory framework for gene edited livestock will seriously damage U.S. agriculture by virtually ensuring that this breakthrough technology is ceded to foreign competitors," Dan Kovich, NPPC's director of science and technology, said in a statement to POLITICO. "The FDA's regulatory land grab flies in the face of positive regulatory reform by the Trump administration."

Pelosi Digs in on USMCA Enforcement

House Speaker Nancy Pelosi stood her ground on the U.S.-Mexico-Canada Agreement on Thursday, reiterating that Democrats will not consider the NAFTA replacement for a vote unless their concerns about enforcement are addressed as "part of the agreement."

The White House and key Republicans are pushing for the USMCA to get a vote as-is. Canada and Mexico also want no part of reopening it to further negotiation. But Pelosi stressed that strengthening the agreement's text to bolster enforcement remains the "overarching" issue. "It can't be a sidebar or side letter, later legislation or anything like that," she said during her weekly press conference.

China Trade Deal Nearing Completion

In a sign that a U.S.-China pact might be at hand, Washington and Beijing have agreed to a timeline for removing some tariffs, one source familiar with the agreement said. U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin are in Beijing this week, with another round of negotiations set for next week in Washington.

Under the tariff removal plan, 10 percent duties on a portion of the \$200 billion worth of Chinese goods would be scrapped, and tariffs on the remaining products would be taken off "quickly," the source said. The 25 percent tariff would likely stay in place until after the 2020 U.S. election, leaving it for Trump to deal with in his second term — or for a new president to address.

USDA Extends Deadline to May 17 for Producers to Certify 2018 Crop Production for Market Facilitation Program Payments

USDA extended the deadline to May 17 from May 1 for agricultural producers to certify 2018 crop production for payments through the Market Facilitation Program (MFP), which helps producers who have been significantly affected by foreign tariffs, resulting in the loss of traditional exports. USDA's Farm Service Agency (FSA) extended the deadline because heavy rainfall and snowfall have delayed harvests in many parts of the country, preventing producers from certifying production.

Payments will be issued only if eligible producers certify before the updated May 17 deadline. The MFP provides payments to producers of corn, cotton, sorghum, soybeans, wheat, dairy, hogs, fresh sweet cherries and shelled almonds. FSA will issue payments based on the

producer's certified total production of the MFP commodity multiplied by the [MFP rate](#) for that specific commodity.

“Trade issues, coupled with low commodity prices and recovery from natural disasters, have definitely impacted the bottom line for many agricultural producers,” said FSA Administrator Richard Fordyce. “The MFP payments provide short-term relief from retaliatory tariffs to supplement the traditional farm safety net, helping agricultural producers through these difficult times. Weather conditions this fall, winter and early spring have blocked many producers from completing harvest of their crops, and we want to make sure producers who want to finalize their MFP application have an opportunity.”

Producers can certify production by contacting their [local FSA office](#) or through [farmers.gov](#).

[Source: USDA](#)

Dems Dig in With Infrastructure Talks on Tap

Ahead of their visit to the White House today, House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer started drawing hard lines on an infrastructure overhaul — especially how to pay for potentially trillions of dollars in projects — that could doom negotiations before they even begin.

A source close to Schumer said the New York Democrat won't consider any proposal from Trump to raise the gas tax unless the president agrees to roll back portions of the 2017 Republican tax code overhaul. It's unlikely Trump would agree to blow up any piece of his signature legislative achievement.

In a letter to Trump on Monday, the Democratic leaders laid out several priorities, including broadband, water infrastructure and climate change resiliency.

The White House meeting will be the first between Trump, Pelosi and Schumer since a heated gathering in December just before the record-long government shutdown. Senate Agriculture ranking member Debbie Stabenow (D-Mich.) is also expected to attend.

Rebuilding highways, bridges, railways, locks and dams is a longtime priority for agricultural producers who rely on roads, rail and waterways to transport farm goods and bring in equipment, fertilizer and other farm needs.

Peterson Debriefs on South America Trip

Fresh off a congressional trip to Argentina and Brazil last week, the Minnesota Democrat said he doesn't see China's growing appetite for South American soybeans and other commodities as a long-term threat to U.S. farmers.

“China is in Brazil trying to buy. But from what I can tell, it won't be a long-term thing,” Peterson said. “They are just doing it now because they have to. This is all economics. The Chinese don't care. They're going to buy where they get the best deal.”

Peterson and a bipartisan group of lawmakers met with Brazilian President Jair Bolsonaro and Argentine President Mauricio Macri to see what opportunities the Trump administration's trade wars have opened for their country's agriculture sectors.

Peterson said a top concern is whether Brazil's infrastructure improves. Right now, it costs Brazil twice as much to ship soybeans to China than to the U.S., giving American farmers an advantage, he said. But Bolsonaro told him the country is seeking upwards of \$17 billion in private investment to modernize roads, railways and ports.

"[Bolsonaro] told us he is happy to have China as a customer, but he is not going to allow China to buy Brazil," Peterson said, noting that the president seemed hostile to foreign investment by Beijing but that he wouldn't rule it out.

Peterson, in a statement issued about the trip later Tuesday, added that it's only a matter of time before Brazil cuts into America's advantages, as President Donald Trump's "missteps" on trade policy are only helping China buy everything the South Americans can grow.

Mexico Clears USMCA-Required Labor Changes

The Mexican Senate on Monday night approved an overhaul of its labor laws required under the new North American trade pact, fulfilling a key step for U.S. Democrats who wanted to see progress on the issue before voting to ratify the U.S.-Mexico-Canada Agreement.

But other hurdles remain before the NAFTA replacement gets Democrats' blessing. Pelosi has said Democrats also want to see implementation of the labor laws.

Democrats also still have concerns about environmental protections and pharmaceutical provisions in the deal.

Food Retailers Push for Tax Bill Fix

Members of the National Grocers Association and Food Marketing Institute flew to Washington this week to promote bipartisan legislation aimed at fixing a glitch in the 2017 tax code overhaul that's affecting restaurants and retailers looking to upgrade their stores.

Republicans intended to allow businesses to write off the full cost of renovating their facilities in the same year the upgrades were made, rather than over 15 years, as under previous law. But due to a drafting error in the GOP tax bill, restaurants and grocery stores now have to deduct renovations over 39 years.

That's prompted some grocers to delay making interior improvements or face higher-than-expected tax bills, industry groups say. "The retail glitch has created uncertainty for independent grocers across the country and has inadvertently stifled their ability to upgrade and reinvest in their stores," Greg Ferrara, NGA's executive vice president.

Republicans and Democrats in each chamber have filed bills to let retailers immediately write off renovations. While there's wide support within the industry and Congress for addressing the issue, the tricky part is getting Republicans and Democrats to agree on fixing the tax law at all.

USDA Asks States to Crack Down on Child Support as They Administer SNAP

The Agriculture Department on Wednesday issued a [memo](#) to states urging them to adopt stricter policies to bar individuals who fail to make child support payments from getting Supplemental Nutrition Assistance Program benefits.

"Increasing the number of states that implement child support cooperation requirements will benefit families, help non-custodial parents assume responsibility for the well-being and stability

of their children, and provide more children with the support they deserve,” Perdue said in a statement.

States have the option to take a harder line on this issue under existing rules, but the vast majority don’t use it. Anti-hunger advocates argue it’s little-used because it’s costly to implement, there’s no evidence it works and it risks food access for low-income individuals who may already be struggling to get by.

The Foundation for Government Accountability lauded the memo Wednesday. “Child support is critical to minimizing single-parent families’ reliance on welfare and to helping them escape dependency,” said Kristina Rasmussen, vice president of federal affairs at FGA. Rasmussen noted that state legislatures are increasingly passing laws that require child support cooperation under SNAP.

EPA Eyes New Ethanol Waivers

Wheeler is weighing a plan to offer small refiners partial relief from RFS requirements, two industry sources told POLITICO. The move could be seen as a potential compromise between two of President Donald Trump’s core constituencies: biofuel backers and the oil industry. EPA has received requests from 36 refineries for exemptions from their 2018 blending requirements. Corn and ethanol groups see the waivers as undermining the ethanol standard and reducing demand for biofuel.

Reuters [reported](#) Wednesday that EPA has suspended its work on a plan to publish the names of refineries securing biofuel blending exemptions, following opposition from the oil industry and White House.

Earlier this week, Republican senators led by Oklahoma’s Jim Inhofe urged Wheeler to “account for the ethanol blend wall” and reset statutory targets so that the “contribution of conventional biofuel is below an implied 10 percent level for 2020, or 14.2 billion gallons.”

In response, Jessica Johnson Bennett of the Renewable Fuels Association said in an email that EPA should instead “utilize its reset authority to reallocate lost volumes from its excessive use of small refinery waivers” and increase biofuel volumes above 15 billion gallons per year.

New Leadership at ERS as Relocation Looms

Ephraim Leibtag, previously the ERS assistant administrator, was named acting administrator starting Wednesday, according to an internal memo obtained by POLITICO. Chris Hartley was required to step down due to tenure limits on acting positions.

Leibtag served as deputy director for research and as product coordinator for the agency’s Food Economics Division. He recently helped prepare the agency’s strategic plan and also oversees the ERS staff analysis team.

Hartley will stay on at ERS to help steer the relocation process, according to the internal memo from Scott Hutchins, the Agriculture Department’s deputy undersecretary for research, education and economics.

The proposed relocation has caused some friction between Agriculture Secretary Sonny Perdue and fellow Georgian Sanford Bishop, who has tried to use his powers as chairman of the House Appropriations Agriculture Subcommittee to quash the proposal, the Atlanta Journal-Constitution [reports](#).

Climate Change's Impact on Ag

The House on Wednesday adopted a handful of amendments related to food, agriculture and rural issues as the chamber considers a broader Democratic climate change bill, with more votes on tap today.

safeguarding food security against climate change, allowing states and cities to write their own rules for curbing emissions and calling for a report on clean energy job development in rural regions. Each of those amendments were adopted by voice vote.

Amendments on infrastructure resiliency and using voluntary ag practices to meet goals under the Paris climate agreement are scheduled for floor debate.

Climate change continues to cause headaches for farmers and ranchers. Increasingly severe weather events have recently caused billions of dollars in damage to farmland, livestock, stored crops and infrastructure from California to the Midwest and Southeast.

The changing climate is also forcing farmers and agricultural scientists to adapt crops to warmer weather, shifting growing seasons and spreading invasive pests. (The New York Times has a rundown of [fruits and veggies](#) facing climate disruption.)

Congress is still grasping for a disaster aid deal. Senate Republicans this week sent Democrats an offer including an extra \$300 million in community development funds for Puerto Rico, on top of about \$600 million in nutrition assistance for the island.

On Wall Street, fund managers are rethinking investments in agriculture and farm equipment makers, wary of the long-term impacts of climate change on the sector, Reuters [reports](#).

U.S., Canada Prep Next Steps Against Swine Fever

USDA is stepping up its efforts to keep African swine fever out of the country, including coordinated efforts with Canada and the U.S. pork sector, USDA Undersecretary Greg Ibach said.

Ibach said USDA is reviewing “protocols that we have in place that have protected us against Foot and Mouth Disease for decades” as a potential guide for staving off the hog disease, which is now spreading in China and parts of Europe.

U.S. pork producers are also ramping up their defenses, like limiting visitor access to their farms, Ibach said. The National Pork Producers Council also recently called off its annual World Pork Expo over African swine fever fears.

Canada’s preventive measures, which generally align with the U.S. approach, include deploying airport signage and [detector dogs](#), warning industry against buying feed sourced from countries where the disease is found, and slapping maximum fines on products seized at the border.

Ibach said he met last week with pork processors who warned him that a domestic outbreak could potentially jeopardize 100,000 jobs and \$30 billion in U.S. economic output.